

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Application of BellSouth Corporation,)	CC Docket No. 98-121
BellSouth Telecommunications, Inc.)	
and BellSouth Long Distance, Inc.)	
for Provision of In-Region, InterLATA)	
Services in Louisiana)	

Comments of MCI Telecommunications Corporation

Exhibits A-F

EXHIBITS

TAB	Title	Subject
A	Declaration of Marcel Henry	Checklist & Public Interest Issues: unbundled elements, combinations, performance standards, directory assistance, customized routing, unbundled trunk ports, ILNP cutovers, reciprocal compensation, CPNI
B	Declaration of Bryan Green	Checklist Issues: OSS
C	Declaration of Glen Grochowski	Checklist Issues: IDLC, xDSL
D	Declaration of Don Wood	Checklist and Public Interest Issues: Pricing
E	Declaration of Robert Hall in CC Docket No. 97-208	Public Interest
F	Reply Declaration of Robert Hall in CC Docket No. 97-211	Public Interest

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Application of BellSouth Corporation,)	CC Docket No. 98-121
BellSouth Telecommunications, Inc.)	
and BellSouth Long Distance, Inc.)	
for Provision of In-Region, InterLATA)	
Services in Louisiana)	

**Exhibit A:
Declaration of Marcel Henry
on Behalf of MCI Telecommunications Corporation**

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of:)	
)	
Application of BellSouth Communications,)	
Inc., Pursuant to Section 271 of the)	CC Docket No. 98-121
Communications Act of 1934, as amended,)	
to Provide In-region, InterLATA Services)	
in Louisiana)	

**DECLARATION OF MARCEL HENRY
on Behalf of MCI Telecommunications Corporation**

Based on my personal knowledge and on information learned in the course of my business duties, I, Marcel Henry, declare as follows:

1. I joined MCI Telecommunications Corporation in December 1996 and currently serve as Vice President - Financial Operations for the Eastern region of the U.S. My responsibilities include managing the business relationship between MCI and Bell Atlantic, BellSouth, Sprint LTD, Southern New England Telephone, and many of the independent telephone companies operating in numerous states. My finance organization purchases more than \$2.5 billion worth of access and interconnection products and services. My responsibilities also include negotiations with the Regional Bell Operating Companies under the Telecommunications Act of 1996, managing Operations Support Systems interfaces with the RBOCs, and leading City Planning teams responsible for management and analysis of the profit and loss statements for MCI's local business.

2. Before joining MCI, I worked for fifteen years at Pacific Bell in San Francisco, where I held positions as Vice President - Lead Negotiator for interconnection agreements, Vice President of the Sprint Division, and Director - National Accounts. I also have held several other sales and marketing positions. I received a degree in Information Systems Management from the University of San Francisco, and I am a graduate of the Harvard Business School Program for Management Development.

3. The purpose of this declaration is to explain several critical respects in which BellSouth Telecommunications, Inc. ("BellSouth") has failed to open its local market to competition, hindering MCI's entry, and to explain how these problems demonstrate that BellSouth falls short of full implementation of the competitive checklist set forth in Section 271(c)(2)(B) of the Telecommunications Act of 1996 ("Act"). My declaration addresses BellSouth's compliance with the non-OSS aspects of the checklist in the context of BellSouth's provision of local telecommunications facilities and services to MCI throughout BellSouth's territory. Based on MCI's experience to date, it is clear that BellSouth is not providing all checklist items in a manner that is consistent with the requirements of the Act.

4. In the summer of 1998, local telecommunications competition is still just beginning in Louisiana. On a host of issues, most notably combinations of unbundled network elements, BellSouth has simply declared that it is unwilling to accommodate local competition. BellSouth has dug in its heels in the face of explicit requirements of the Act, as well as findings of federal and state regulators. In addition, BellSouth is far from being able to show that it has sufficiently adapted its facilities and procedures to accommodate local competition in its region, as required by the Act. As the result of BellSouth's intransigence and its unreadiness, it has

failed to meet the requirements of the Act's competitive checklist. Below, after a discussion of MCI's plans and efforts to enter the local telephone exchange market, I discuss combinations of network elements, unbundled loops, performance standards, directory assistance listings, customized routing for operator services, unbundled trunk ports, reciprocal compensation, and customer proprietary network information.

MCI'S EFFORTS TO ENTER THE LOCAL MARKETS

5. The promise of the Act is to bring consumers the benefits of competition in local phone markets -- lower prices, higher service quality, and greater choices. The local marketplace is vital to the future of MCI, and MCI is absolutely committed to breaking open the local phone market. Our incentive to get into local service is one of overriding competitive necessity. Simply put, there is no way MCI can pass up the opportunity to offer more and better services to all of our nearly 20 million existing long-distance customers and to the new customers that MCI must attract and keep to survive and grow in the competitive telecommunications business. Moreover, many of our business and residential customers are demanding fully integrated communications services, and, of course, all of them want the chance for real savings on their telephone bills.

6. In order to be competitive, therefore, MCI must be able to fulfill all of its customers' telecommunications needs including local, long-distance, wireless, paging, toll-free services, high-speed data services, and Internet access. The ability to provide a competitive local service is vital to MCI's becoming a fully integrated telecommunications provider. Our experience has been that business and residential customers who purchase more than one telecommunications service from MCI are much less likely to switch providers than, for

example, a customer who subscribes solely to MCI's basic long-distance service. In addition, consumers changed long-distance companies an estimated 50 million times in 1996 alone. This fact underscores the competitiveness of the long-distance market, but it also poses a challenge to MCI, which not only wants to win new customers but also wants to keep those customers it has satisfied over the long term. Moreover, entering the market for local service is vital to retaining MCI's core long-distance customers. Many companies are moving aggressively to take advantage of the opportunities created by the Act. If MCI cannot provide fully integrated telecommunications services, we will very likely lose both business and residential long-distance customers to those competitors that can provide a complete package of services.

7. In addition, the local phone market presents MCI with a huge business opportunity. Until now, this market has been the province of incumbent monopoly service providers, primarily the Regional Bell Operating Companies ("BOCs"). The market for local service is almost twice as large as that for long-distance service. In 1996, the total revenue from long-distance service (net of access charges paid to incumbents) was approximately \$50 billion, while total local service revenue was just under \$96 billion. That figure included approximately \$56 billion in local service revenue, \$29 billion in access revenue, and \$11 billion in intraLATA revenue. The size and profitability of the local marketplace provide a compelling competitive opportunity for MCI. Indeed, many of our long distance business customers tell us they will switch to MCI local service as soon as it is available. Being competitive in this market will bring tremendous benefit not only to consumers but also to MCI and its shareholders.

8. MCI has an additional direct and immediate financial incentive to enter local markets. By providing local service ourselves, we will be able to avoid the exorbitant

access charges imposed upon us by the current monopoly providers. Even if we do not provide alternative local service to our long-distance customers, effective competition in access services will force the BOCs to lower access charges for their access customers. The ability to reduce its access costs doubly benefits MCI, because the current access regime both greatly increases our costs of doing business and provides the incumbent monopoly BOCs with huge war chests with which to compete against us. MCI will also be able to improve reliability in its services by reducing its dependence on the local exchange carriers for access services.

9. The importance of the local market to MCI is demonstrated by MCI's level of commitment to providing competitive local service across the country. MCI has spent over \$2 billion on local markets so far. All this money is financing MCI's broad-based entry into local markets nationwide. MCI currently provides switched local service using its own facilities (including switches and local city networks) in 31 markets.

10. MCI will bring the benefits of increased competition to all segments of the market. As it does with long-distance services, MCI will pursue high-volume, high-revenue business customers. And also as it does with long-distance services, MCI will offer a broad array of competitively priced local services to residential customers. MCI is fully committed to entering the residential local market on a large scale. Providing residential service promotes and protects the identity of the MCI brand, which is one of our most important assets. It will also allow us to tap a reservoir of residential customers who may generate a relatively small amount of long-distance revenue but who extensively use other telecommunications services, such as Internet access. Moreover, as I discussed above, we are in danger of losing existing customers if

we do not offer a competitive local residential service. We also need to retain and expand our residential base in order to utilize our network efficiently and to keep our costs low.

11. MCI knows what its customers want, and has extensive experience in meeting those needs. Our early entry into the local market has allowed MCI to refine the types of services we intend to provide. In those localities where MCI competes, MCI will offer a full-service line of telecommunications products. We will provide a host of advanced, value-added services, such as ISDN and voice messaging. MCI also will provide customized reporting and consolidated billing for local and long-distance services. Having a single point of contact for all telecommunications sales and services will facilitate the expansion of consumer choice.

12. In order to implement its aggressive local business plan, MCI must and will use a variety of methods of providing local service: purchasing unbundled network elements from the incumbents, using MCI's own facilities, and entering into ventures with other companies to construct or utilize facilities. Different markets will call for different ways of providing service, but, in order to be competitive, MCI must be able to rely on every method being available to it.

13. In the case of unbundled network elements, MCI is wholly dependent on the BOCs to provide us with what we need at prices consistent with the law. As competition progresses, however, MCI need not and will not be as tied to BOC service offerings and facilities. MCI intends to provide local telecommunications services to both business and residential customers predominantly through its own switches and other facilities. Where it is more efficient to do so, MCI will utilize unbundled local loops and collocations at BOC facilities to connect its customers to MCI's switches. This approach allows MCI to differentiate its

products and services, as most advanced features and customized applications are provided through software resident in switches or in providers' own external databases. The more it builds, operates, and upgrades its own network, the less dependent MCI will be on outside factors and third parties. Providing local service through its own switches and external databases will maximize value for MCI's shareholders over time.

14. Access to unbundled network elements at cost-based prices is critical to MCI's local business plan for another reason. The Commission has concluded that the BOCs should not impose inflated access charges on access obtained using unbundled network elements, and indeed the Commission is counting on the availability of these elements at cost-based prices to achieve the goal of reducing access charges to cost. Consistent with the Commission's hopes and expectations, MCI intends to utilize unbundled network elements to provide customers with more economical access services. MCI will avoid overpriced access when it uses its own facilities, but during the necessarily long process of building out its own network, the ability to lease network elements at cost-based rates in a variety of combinations will significantly facilitate MCI's market entry and MCI's ability to put competitive pressure on the BOCs. For all of these reasons, it is critical that BellSouth and the other BOCs make all items on the Act's competitive checklist available on reasonable and nondiscriminatory terms and conditions.

15. MCI fully intends to compete in all states in BellSouth's region. In Georgia, MCI is testing the systems that BellSouth plans to use region-wide in order to determine whether BellSouth truly can provide what the Act requires. Today, BellSouth is not yet commercially ready to do so, for the reasons that I explain below and that are explained in

the declaration of Bryan Green. Particularly given MCI's experience in California, where PacBell turned out to be unable to support MCI's resale efforts, it would be imprudent for MCI to take additional steps toward providing facilities-based service when BellSouth has not put in place the systems needed to allow a commercial launch to succeed. Only when BellSouth has complied with the Act fully in Georgia will it make sense for MCI to expand into the other states in BellSouth's region. As I explain in greater detail below, there are many defects in BellSouth's compliance with the Act that effectively foreclose additional investment in the BellSouth region at this time.

COLLOCATION AND COMBINATIONS OF NETWORK ELEMENTS

16. The most competitively significant and glaring checklist problem has been BellSouth's failure to provide combinations of elements or access to its network on reasonable, nondiscriminatory terms to allow CLECs to combine network elements. Today there are no efficient, nondiscriminatory means available to combine elements, or keep them combined, in order to allow for widespread facilities-based local competition. BellSouth will permit CLECs to combine elements only through collocation -- a method that is patently unreasonable and discriminatory.

17. BellSouth's refusal to allow CLECs to combine network elements in a reasonable and nondiscriminatory manner has had devastating effects on the development of competition, particularly in the residential market. CLECs need nondiscriminatory access to combinations because they do not have the time or the resources that BellSouth had to build its ubiquitous network, and they simply cannot duplicate that network in the near future. CLECs will not be able to compete unless they can share in the efficiencies of scope and scale BellSouth

enjoys, and this requires access to combinations of elements. There is no significant residential competition in Louisiana or anywhere else in the country because the BOCs have been unwilling to provide elements in combination or provide a proven, reasonable, and nondiscriminatory means for CLECs to combine elements.

18. There are two reasons that efficient, nondiscriminatory access to combinations of elements is critical to the development of local competition. First, combinations allow for quick entry by permitting a CLEC to offer service before it has built any facilities of its own. Second, combinations allow CLECs to build their own networks over time, ending their reliance on the ILEC and creating the most vigorous competition possible. Combinations provide a vital transition mechanism that allows CLECs to achieve economies of scale while they are building out networks of their own. In the absence of reasonably available combinations of elements, what little facilities-based competition there has been to date has developed in urban areas, serving high-volume business customers. The problem of building a residential customer base is complicated by the difficulty of targeting a mass-market product like residential telephone service to relatively small clusters of customers that surround CLEC switches. By its nature, residential service must be offered on a widespread basis. CLECs cannot offer that unless they have nondiscriminatory access to combinations.

19. If combinations were truly available at cost-based rates, CLECs could engage in mass marketing and offer service ubiquitously. Then, as CLECs build a customer base, it will become profitable for them to construct their own facilities. This will lead to competition for transport and switching services, and eventually to competition for the local loop. Combinations are not a disfavored alternative to "real" facilities-based competition -- they

are the only way that competition through use of CLEC-owned facilities can ever develop, especially for residential customers. That is why BellSouth's refusal to provide a nondiscriminatory method for CLECs to combine network elements is inconsistent with facilities-based residential competition ever developing in Louisiana.

20. BellSouth states that it will allow CLECs to combine the loop and switch network elements only at a CLEC's collocation. There are severe practical problems with BellSouth's proposal to allow combination of elements only at collocations. If there were ever to be widespread residential competition in Louisiana, BellSouth would have to provide tens of thousands of loops and ports to CLECs' collocations on a daily basis. In a mass market setting, competition will develop in bursts, not in a slow, even, and orderly manner. But BellSouth has offered no evidence that it can handle the demands that multiple CLEC collocations would place on it when CLECs are winning BellSouth's customers in bunches. BellSouth certainly has no practical experience on which CLECs and regulators can rely. In Louisiana, BellSouth has completed only two physical collocations and six virtual collocations. See Milner Aff. ¶¶ 27, 31. And BellSouth has had no practical experience providing loops and ports to CLECs at a collocation for the purpose of their combination. BellSouth claims that the cross-connections that the CLEC would need to perform at the collocation are no different from BellSouth's own cross-connections at the main distribution frame, but that argument overlooks the difference between BellSouth's gradual acquisition of customers and the rapid bursts of customer growth that CLECs are likely to experience once they are able to mass market residential service.

21. BellSouth's failure to demonstrate the workability of collocation as a method of combining network elements points to a larger problem. No system of collocation can

ever adequately function as the only way for CLECs to combine loops and ports that a BOC has needlessly taken apart. Collocation is the most costly, discriminatory, and anticompetitive method of allowing combination of elements that has been suggested.

22. In addition to requiring substantial up-front costs, collocation necessarily involves additional cross-connects, and senselessly introduces additional points of failure into the network. Combining elements at a collocation makes it far more difficult to isolate trouble on the network. Moreover, the networking required to migrate a customer between CLECs requires twice as many cross-connects. Finally, regardless of whether a CLEC pre-wires the frame in its collocation, for each line BellSouth technicians must make physical changes to both the port and the loop connections at the main distribution frame, and then must make two sets of additional cross-connects to its side of the collocation rack. The rack itself is a relatively small piece of equipment that cannot accommodate the number of connections that would be necessary to have collocation work as a method for commercially viable CLECs to combine elements.

23. In addition, BellSouth provides no evidence that its interconnection agreements contain definite terms and conditions for recombining network elements through collocation. In particular, BellSouth has not shown that it offers specific, established terms for the cost of collocation.

24. Despite the Commission's finding in the South Carolina proceeding that BellSouth's collocation offering was inadequate because there are no rates for the space preparation fee, this critical price term is still set on an individual case basis ("ICB") in Louisiana. In other words, the price is not set at all. The space preparation fee is the cost of making improvements to the physical collocation space, and it is this cost that largely determines

the total cost of the collocation. BellSouth is capable of setting a standard price for space preparation, as it has done in Georgia, but it refuses to do so in Louisiana. BellSouth's refusal ignores the Commission's prior ruling that "the absence of any space preparation rates creates uncertainty for new entrants and requires further negotiation." Id. This uncertainty and delay impedes CLECs' use of collocation.

UNBUNDLED LOOPS AND LOOP+TRANSPORT COMBINATIONS

25. BellSouth's collocation requirement not only prevents MCI from obtaining access to loop and switch combinations on reasonable, nondiscriminatory terms, but also prevents MCI from obtaining reasonable, nondiscriminatory access to unbundled loops and to combinations such as loop and transport. These combinations are critical to the development of widespread facilities-based competition, and residential competition, and are particularly important for facilities-based new entrants like MCI.

26. MCI's local network, despite billions of dollars of investment and build out, is still quite small, consisting of switches in major urban centers and fiber-based transport facilities located in and around major urban centers (fiber rings). MCI's fiber rings are geographically limited (compared to BellSouth's network). In order to address residential and smaller business markets and extend MCI's footprint (the geographic area in which it can provide local service on a facilities basis), MCI must use BellSouth's unbundled loops. Typically, MCI would use voice grade analog loops to provide service to residential and some small business customers. MCI would use DS-0 level loops to provide service to other small business customers. MCI would use DS-1 level loops to provide service to medium size business customers.

27. As loops are currently defined, however, the loop goes from the end user to the BellSouth end office that serves that end user. Given the large number of BellSouth end offices and the relatively small size of MCI's network, there must be efficient and nondiscriminatory means of connecting the loops at any particular BellSouth end office to MCI's local network. This is what MCI means by access to unbundled loops.

28. Under BellSouth's collocation requirement, MCI would first need to establish a collocation in every end office where MCI wishes to access BellSouth's unbundled loops. As I understand it from our Engineering Organization, MCI would then have to install cross-connect (pot bay) panels on the cage of its collocation and multiplexing or DLC (digital loop carrier) equipment inside the collocation. Loops would then be cross connected from the main distribution frame over to the cross-connection panel in the collocation. Inside the collocation, there would be another cross-connection from the panel to multiplexing or DLC equipment inside the collocation. There would then be yet another cross-connection between the multiplexing or the DLC equipment and the cross-connection panel. At the cross-connection panel, there would be still one more cross-connection between the panel and the interoffice transport leased from BellSouth (assuming that MCI has leased unbundled dedicated transport from the collocation cage to MCI's local network.)

29. BellSouth's collocation requirement is unreasonable and discriminatory. In addition to all the difficulties in establishing the collocation, supra ¶¶ 21-24, BellSouth's collocation requirement involves a minimum of four cross-connections. Each one of the cross-connections is a potential point of failure, and each one of the cross-connections costs money

and technician time. As a result, it necessary to minimize these cross-connections. BellSouth's proposal involves at least two too many cross-connections.

30. Voice Grade Analog Loops. I am informed by MCI's Engineering Organization that an efficient configuration for accessing unbundled voice grade analog loops is a combination of voice grade loops, DLC (digital loop carrier) equipment with GR303 capability, and dedicated interoffice transport. The DLC equipment, such as Litespan 2000, is used to concentrate the voice grade analog loops efficiently onto transport. This is precisely analogous to how BellSouth uses DLC equipment today for connecting loop distribution (which is analogous to unbundled loops for MCI), with loop feeder (which is analogous to unbundled transport).

31. It is critical to note here that there is no technical need for collocation here, as BellSouth requires. Rather under an efficient configuration the unbundled loop would be cross-connected to the DLC equipment which would then be cross-connected to the interoffice transport. This configuration not only obviates the physical collocation, but also obviates two of the cross-connects that would be required under BellSouth's proposal.

32. The concentration capability of the DLC equipment is critical for efficient access to voice grade analog loops. Without concentration, MCI would need a DS-0 circuit of transport for every voice grade loop. Given traffic patterns on voice grade analog loops, that is a very inefficient use of DS-0 level transport. (It is as if a city set up a mass transit system that guaranteed that every potential rider would have seat on the bus every day. Obviously, that will result on a lot of empty seats on any and every given day, and that is not very efficient.) The concentration capability of equipment such as Litespan 2000 permits up to six voice grade loops

to share a single DS-0 circuit of interoffice transport (depending on the traffic patterns). The efficiencies of this are obvious -- for 144 unbundled voice grade loops, MCI, using 6 to 1 concentration, would need only one DS-1 level interoffice transport. In contrast, without concentration, MCI would need six DS-1 level circuits of interoffice transport to connect 144 voice grade analog loops.

33. Digital Loops. Again, as I understand it from our engineers, an efficient configuration for accessing unbundled digital loops (DS-0, DS-1, and DS-3) is a combination of digital loops with interoffice transport. (Some multiplexing may be necessary, depending on the particular level of transport used, to "mux up," for example DS-1 level loops onto DS-3 level transport.) This would typically involve the use of a digital cross-connect (DXC). DXC equipment electronically cross-connects the loop with the interoffice transport. The cross-connections done on a DXC are not physical, but electronic. These cross-connections are also done remotely, not done by sending a technician to physically establish a connection. (Some BellSouth end offices may not be equipped with DXCs, in which case the cross-connections would be done physically.)

34. BellSouth's collocation proposal, again, is unreasonable and inefficient. Specifically, where a DXC system is used, BellSouth's proposal would require MCI to take a digital loop off the DXC and cross-connect it over to the cross-connection panel on the collocation cage, which would then be cross-connected back over to the DXC for (electronic) cross-connection back to the interoffice transport. Again, an efficient configuration would obviate any collocation, and would obviate the two cross-connections at the MCI collocation cage.

35. In sum, BellSouth's requirement that MCI use collocation to access unbundled loops (both analog and digital) is unnecessary and very inefficient. As I described above, collocation is not needed to access loops, although BellSouth requires it. Worse, BellSouth's collocation requirement imposes the costs and time of establishing the collocation and imposes unnecessary additional cross-connections, which cost money and constitute additional points of failure. Additionally, a collocation requirement for accessing unbundled loops is discriminatory against MCI. BellSouth does not use collocation in any form to "access" its loop plant.

36. BellSouth should offer MCI the efficient configurations described above for accessing unbundled voice grade and digital loops. These configurations permit MCI to access unbundled loops in an efficient and non-discriminatory manner.

37. I note here that I've confined my discussion so far to standard voice traffic. There will be additional, but similar issues involved to get reasonable and nondiscriminatory access to broadband equipment and broadband-capable loops. BellSouth's filing fails to address these issues as well.

38. BellSouth might argue that the efficient configurations described above require it to combine certain unbundled elements together -- which BellSouth claims it is not obligated to do under the Federal Telecommunications Act. If BellSouth refuses to combine the elements in the efficient configuration described above, then it is incumbent on BellSouth to come up with an equally efficient and equally nondiscriminatory means of providing access to these elements in a manner that allows them to be combined. BellSouth's collocation option fails those criteria miserably. For digital loops in combination with dedicated transport, at least,

BellSouth might want to explore the option of giving MCI (and other CLECs) remote access to the DXC so that MCI may remotely perform the electronic cross-connections itself. Obviously, that is not a solution for voice grade analog loops.

PERFORMANCE STANDARDS

39. Another problem that seriously impedes MCI's ability to compete against BellSouth in the local market is BellSouth's refusal to commit to binding performance standards that are backed up by sufficient self-executing remedies. MCI cannot plan its own internal operations without standards governing when MCI will receive "raw materials" from its sole supplier, BellSouth, and enforcement standards governing what the quality of those raw materials must be. In addition, MCI cannot advise its own customers and potential customers when they can expect to receive service unless we have firm intervals that BellSouth must abide by, backed up by remedies that are sufficient to prevent BellSouth from discriminating against MCI.

40. The severity of this problem is illustrated by MCI's aborted attempt to offer widespread resale service in California. MCI was forced to stop offering resale service altogether in California because PacBell repeatedly delayed initiating service for our customers. Our customers often had to wait two or more months for service to be turned up. Our customer service agents could not quote any expected interval to a customer on the line because of the wide fluctuations in service we were receiving from PacBell. We simply advised potential customers that we could not tell them when their service would be turned up.

41. Merely receiving reports from PacBell or promises of "parity" would not have solved this problem. We would have already lost these customers, and our reputation, by

the time we could have initiated formal complaints with the state commission (presumably on a weekly basis) and obtained rulings -- even assuming the remedy would have been severe enough to change PacBell's behavior.

42. There is a difference between promises of parity and binding commitments to abide by objective standards. Although standards based on a violation of parity are important, there are significant problems with that type of standard if not used in conjunction with objective standards. First, as noted above, MCI needs certainty in the delivery of raw materials in order to plan its own internal operations. We cannot plan our operations if we receive OSS responses in four hours one day, ten hours the next, and two days the next, even if a BOC reports that these fluctuations constitute "parity." To have a meaningful chance to compete, we need certainty in the delivery of raw materials from our sole supplier. In addition, parity-based standards are only as good as the data a BOC self reports. I have little confidence that a BOC will produce reports acknowledging discrimination against MCI. Auditing rights will only correct this problem from time to time, assuming we have full access to the real data on BellSouth's performance to its internal systems, affiliates, and end users. This is a further reason why MCI cannot rely only on "parity-based" standards.

43. That MCI has experienced consistent problems in receiving service from BOCs before Section 271 entry does not bode well for the quality and timeliness of service we can expect to receive after BellSouth gains Section 271 authority and has no reason at all to cooperate with MCI. That is why I firmly believe that objective standards with sufficient self-executing remedies must be in place before we lose BellSouth's already reluctant cooperation.

44. Thus, in negotiations with BellSouth, MCI has continually asked for binding performance standards, not just performance reporting or unenforceable "targets" that BellSouth can miss without any penalty. In January, 1998, for example, MCI presented BellSouth with the performance requirements contained in version 6.1 of the Local Competition Users Group recommendations, which include objective standards. See Ex. 1. For months BellSouth did not discuss performance standards. Therefore, in order to expedite the negotiations, MCI proposed in May 1998, that the parties negotiate one group of measurements at a time. That is, we proposed to start with a small group of measurements and at least agree on measurement methodologies, reporting requirements, and enforceable standards for those measurements. However, BellSouth again was unwilling to discuss standards.

45. Negotiators in my organization then inquired during negotiations in May, 1998 whether BellSouth was opposed to performance standards as a matter of policy. BellSouth's negotiators responded that at that time its policy was to oppose standards, but that MCI should look to BellSouth's comments in the FCC's Notice of Proposed Rulemaking to learn BellSouth's position. I understand that in those comments, BellSouth suggested that the FCC should rely on the private negotiation process for performance standards to be established. MCI's experience, however, is that BellSouth has not agreed to the establishment of any objective performance standards that are backed up by self-executing remedies.

46. Finally, I want to address one other critical issue relating to performance measures -- BellSouth's claim that we enjoy full access to its raw performance data in BellSouth's data warehouse. My staff have accessed that database and found that it suffers from major flaws. The "files" in the warehouse are simply represent a mainframe "data dump" in an

unusable format. In its current form, MCI is unable to confirm which orders were processed, much less for which state, which product, order type, etc. In addition, because the database is updated constantly with raw data, it does not match the paper reports BellSouth provides, making it impossible to use the raw data for audit purposes.

47. More importantly, there is no way to assess parity without accurate data on BellSouth's service to itself, its affiliates, and its end users. Even if MCI had all the data it needs on performance to CLECs, it would be unable to determine if parity is being provided if BellSouth does not provide accurate data on its retail operations. This is also an area in which BellSouth has every incentive to report slower intervals for its retail customers in order to justify slower intervals for CLECs, making access to raw data on BellSouth's retail operations imperative. However, in a follow up meeting this month concerning the deficiencies in BellSouth's data warehouse, BellSouth informed us that it will not provide raw data on BellSouth's retail operations. This means we have no way of verifying the accuracy of BellSouth's "parity" reports -- and further heightens the need for objective performance standards so that MCI is not at the mercy of BellSouth's self reporting.

DIRECTORY ASSISTANCE LISTINGS

48. Several different provisions of the Act require BellSouth to provide CLECs with the directory listing information contained in its directory assistance database. Section 271(c)(2)(B)(vii)(II) makes nondiscriminatory access to "directory assistance services to allow the other carrier's customers to obtain telephone numbers" an explicit part of the competitive checklist. Section 251(b)(3) imposes the duty to provide dialing parity, which includes "nondiscriminatory access to . . . directory assistance, and directory listing"

Moreover, Section 251(c)(3) requires BellSouth to provide nondiscriminatory access to network elements, which the Act expressly defines as including “databases.” 47 U.S.C. § 153(29). Thus, checklist items (ii), (vii), and (xii) all require BellSouth to provide nondiscriminatory access to directory listings. Despite these requirements, BellSouth refuses to provide MCI and other CLECs with access to the listings in its directory assistance (“DA”) database on nondiscriminatory terms. In particular, BellSouth refuses to provide directory listings for customers of certain CLECs and independent telephone companies.

49. This Commission has repeatedly interpreted the Act to require access to all of the DA listings stored in the ILEC’s database. For example, the FCC has noted that any customer of a competing provider “should be able to access any listed number on a nondiscriminatory basis, notwithstanding . . . the identity of the telephone service provider for the customer whose directory listing is requested.” Second Report and Order ¶ 135 (emphasis added). Furthermore, competing providers must have “the same quality of access to [directory assistance and directory listing] services that a LEC itself enjoys.” Second Report and Order ¶ 142.

50. The law is clear: BellSouth must offer CLECs the same DA database that is available to its own operators on a nondiscriminatory and equal-in-quality basis. Yet BellSouth will not provide the entire database, only the listings for customers of BellSouth itself and of selected CLECs and independent local telephone companies. See Varner Aff. ¶ 141. BellSouth will not provide listings of CLECs and independent companies whose agreements